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Message Text

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SIL-01 OMB-01 OIC-02 /109 W
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R 221832Z NOV 76
FM USMISSION OECD PARIS
TO SECSTATE WASH DC 4394
INFO USDA/WASHDC
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PASS: USDA FOR WITCHER AND FRASER, FAS; WILLETT, ERS

E.O. 22652: N/A
TAGS: EAGR OECD
SUBJECT: MEETING OF WP NO.1 (AGR POLICIES) OF
COMMITTEE FOR AGRICULTURE, NOV. 15-17, 1976.

1. SUMMARY. WP SPENT HALF OF 5 HALF-DAY SESSIONS ON THOROUGH DISCUSSION OF "ANNUAL REVIEW OF AGRICULTURAL POLICIES, SURVEY OF POLICY DEVELOPMENTS (1974-1976)", AGR/WP1(76)13, HEREAFTER CALLED SURVEY. US DEL (HIRSCH) REPEATEDLY STRESSED NEED FOR COUNTRIES WHICH PURSUE HIGH-COST, PROTECTIVE POLICIES, AS EVIDENT IN SURVEY, TO ANALYZE THE COST OF SUCH POLICIES; AND HE REMINDED THE WP OF ITS PROJECT ON THE EVALUATION OF POLICY PROGRAMS IN THE FIELD OF AGRICULTURE, AGR/WP1(76)2, COMPLETED DURING THE YEAR. SELECTED COUNTRY NOTES, AGR/WP1(76)14, WERE THOROUGHLY DISCUSSED IN ATMOS-
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PHERE REMINISCENT OF THE LONGER "EXAMINATIONS" HELD

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1973-74. BOTH PAPERS WILL BE AMENDED AND SUBMITTED TO THE COMM FOR AGR IN MARCH. US DEL'S PROPOSAL TO SUBMIT WITH RECOMMENDATION TO DERESTRICT WAS NEITHER OPPOSED NOR FORMALLY ENDORSED. FOR PROJECT ON ECONOMIC AND SOCIAL INDICATORS FOR AGRICULTURE, AGR/WP1(76)15, POSSIBLE MEETING OF EXPERTS CONSIDERED; DELS DEFINITELY INVITED TO FURNISH DOCUMENTATION, REFERENCES AND NAMES OF EXPERTS. NEXT WP MEETING END OF APRIL. END OF SUMMARY.

2. CHAIRMAN H. POPP (SWITZERLAND) PRESIDED OVER FIRST 3 HALF-DAY SESSIONS, V. CHAIRMAN J. LEGER (FRANCE) OVER LAST 2. CHAIR NOTED RETURN TO JAPAN OF V.CHAIRMAN M. YOSHII; THAT VICE CHAIRMANSHIP TO REMAIN UNFILLED BALANCE OF 1976. AGENDA ADOPTED, AGR/WP1/A(76)3. REGARDING SUMMARY RECORD OF LAST MEETING, AGR/WP1(76)2, SECRETARIAT CONFIRMED ITS INTENT TO SUBMIT TO THE COMM FOR AGR A NOTE SUMMARIZING THE MAIN POINTS OF THE WP'S DISCUSSION OF THE STUDY OF TRENDS IN WORLD SUPPLY AND DEMAND FOR MAJOR AGR COMMODITIES.

3. RE SURVEY OF POLICY DEVELOPMENTS (1974-1976): (FYI, THIS PAPER WAS WRITTEN BY R. CROWN, A CANADIAN WITH IA. STATE PH.D.). AFTER COMPLIMENTING SECRETARIAT ON STUDY, US DEL CRITIZED VAGUENESS IN DEFINITION OF PERIOD COVERED. HE HAD AT FIRST RESENTED THE ISSUANCE OF ADDENDUM 1 PERTAINING TO EXPORT CONTROLS IN 1973. ON FURTHER REFLECTION, HOWEVER, HE WAS WONDERING WHETHER THE STUDY SHOULD NOT SHOW 1973-1976 AS THE PERIOD COVERED AND THEN ADHERE TO THAT TIME FRAME MORE RIGOROUSLY. SEVERAL DELS ASKED FOR EXPANDED TREATMENT OF INTERRELATIONSHIP OF THE AGRICULTURAL SECTOR AND THE GENERAL ECONOMY WITH RESPECT TO INFLA-TION, UNEMPLOYMENT, FOREIGN EXCHANGE DEVELOPMENTS ETC. REPEATEDLY DURING DISCUSSION, US DEL POINTED OUT NEED TO ASSESS DIFFERENCES IN THE COST OF INCREASING AGRICULTURAL PRODUCTION IN VARIOUS COUNTRIES OF THE OECD AREA (SEE E.G. PARA. 17, 25 AND 42). FINNISH DEL (HINTAKKA) PRESENTED PAPER ON THE LICENSING OF HOG AND EGG PRODUCTION AND OTHER SUPPLY CONTROL MEASURES
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IN FINLAND (COPY BEING MAILED TO FAS/IOA). SEVERE STRAINS IN EC POLICY GOALS BECAME BRIEFLY EVIDENT WHEN CHAIR ASKED UK DEL HOW UK GOALS OF INCREASING THE PRODUCTION OF MILK, SUGARBEETS, BEEF AND SHEEP FITTED INTO EC POLICY; SEE PAR. 24. US DEL CORRECTED ERROR THAT US HAD NO OFFICIALLY EXPRESSED STRUCTURAL POLICY (PAR. 29). RE PARS. 36-39, HE EXPLAINED US EXPORT SALES REPORTING PROGRAM AND CONTRASTED THE UNIQUE

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US-USSR GRAINS AGREEMENT WITH THE TRADE UNDERSTANDINGS
THE US HAS WITH SOME OTHER COUNTRIES. HE ASKED FOR
DELETION OF THE CLAUSE IN PAR. 40 REFERRING TO
"AGRICULTURE EFFECTIVELY BEING NEGOTIATED SEPARATELY"
IN THE MTN, EXPLAINED US POSITION AT LENGTH, AND
OBSERVED THAT THE US GOVERNMENT HAD MADE EVERY
CONCEIVABLE EFFORT TO REACH A WORKABLE COMPROMISE.
THIS HAD EVIDENTLY BEEN QUITE MISUNDERSTOOD BY THE OTHER
WISE PERCEPTIVE WRITER. THIS INTERVENTION CAUSED THE

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JAPANESE DEL (MIYAKE) TO THINK THAT HE HAD TO UPHOLD
THE WORDS OF THE TOKYO MINISTERIAL DECLARATION OF 1973,
AS HE UNDERSTOOD THEM, SO THAT THE EC DEL (BRUDERER)
COULD OBSERVE AMIDST LAUGHTER THAT THE EC POSITION WAS
SOMEWHERE IN THE MIDDLE BETWEEN US AND JAPAN.

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4. THE GERMAN CHAPTER IN AGR/WP1(76)14 WAS ABLY INTRODUCED BY GERMAN DEL (BAUMGARTNER). HE SAID FRG HAD NO GOAL TO INCREASE PRODUCTION, ONLY TO REDUCE COST AND THUS TO INCREASE EFFICIENCY AND FARMERS' INCOME. (FYI: THE CHAPTERS ON NORWAY AND SWEDEN WERE WRITTEN ON CONTRACT BY A. WALTER-JORGENSEN, A FORMER OECD STAFF MEMBER, NOW A PROFESSOR IN COPENHAGEN). THE NORWEGIAN DEL (HJULSTAD) OBSERVED THAT ALTHOUGH THE COST OF AGRICULTURAL SUPPORT WAS VERY HIGH AND HAD DOUBLED IN RECENT YEARS (TABLE 2), THE STORTING HAD LIMITED OFFICIAL USE

ALWAYS WILLINGLY APPROPRIATED THE NECESSARY FUNDS. THE SWEDISH DEL, ACKNOWLEDGING ITS CHANGE OF GOVERNMENT, STRESSED CONTINUITY. THE PRICE FREEZE TO CONSUMERS MAY LAST FOR SOME TIME; BUT NEW GOVERNMENT COALITION HAS STRONG CONNECTION WITH FARMERS. THE FRENCH DEL (FABRE) DEPLORED EXCESSIVE ENLARGEMENT OF FARMS AND DEPOPULATION OF FARMING AREAS AND INVEIGHED AGAINST FACTORY PRODUCTION OF VEAL. AFTER CANADIAN DEL (ROSE) HAD EXPLAINED THE CANADIAN WESTERN GRAIN STABILIZATION PLAN, AUSTRALIAN DEL (LILBURN) OBSERVED THE LARGE SHARE OF GOVERNMENT FINANCING (2/3) IN THE PLAN. THE CHAPTER, US-USSR GRAINS AGREEMENT, HAD IN SUBSTANCE BEEN DISCUSSED IN CONNECTION WITH THE SURVEY, BUT THE US DEL ASKED TO DELETION OF THE FOOTNOTE WHICH ASSERTS THAT THE AGREEMENT IS NOT LEGALLY BINDING. THE NEW ZEALAND STABILIZATION FUNDS RECEIVED A GOVERN-MENT GRANT IN 1975, BUT HAVE PRIMARILY RELIED ON INDUSTRY FINANCING. THE JAPANESE CHAPTER DEALS WITH THE COORDINATED NATIONAL FOOD SUPPLY PROGRAM. THE JAPANESE DEL EXPLAINED THAT BY 1985 AGRICULTURAL SELF-SUFFICIENCY IS TO BE INCREASED FROM 73 TO 75 PCT. BY VALUE (NOT BY VOLUME, AS ERRONEOUSLY STATED IN PAR.24 OF SURVEY). THAT INCREASE, A PROSPECTIVE POPULATION INCREASE OF ABOUT 1 PCT. P.A., INCREASED CALORIE INTAKE FROM 2,510 A DAY TO 2,593, AND QUALITATIVE CHANGES WOULD REQUIRE A 37 PERCENT PRODUCTION INCREASE.

5. RE ECONOMIC AND SOCIAL INDICATORS FOR AGRICULTURE GERMAN DEL (DIESTLER) READ DETAILED INSTRUCTIONS, OUTLINE TO BE DISTRIBUTED. CONTRADICTING PAR.20, HE SUGGESTED UNIFIED APPROACH. SECRETARIAT IS MAKING USE OF WORK ON INDICATORS BEING DONE ELSEWHERE IN OECD. ENVIRONMENT DIRECTORATE WORKING ON ENVIRONMENT INDICA-TORS. UK DEL (SADLER) QUESTIONED PRACTICAL VALUE OF STUDY. NEW ZEALAND (SHEPHERD) STRONGLY ENDORSED PROJECT AND ILLUSTRATED ANALYTICAL ORIENTATION IT SHOULD RECEIVE. US DEL SUGGESTED THAT SECRETARIAT

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CONSIDER INSIGHTS DERIVED FROM OTHER RECENT OR CURRENT
PROJECTS (PART-TIME FARMING AND EVALUATION OF POLICY
PROGRAMS IN THE FIELD OF AGRICULTURE) FOR DEVELOPMENT
OF INDICATORS. A POSSIBLE MEETING OF EXPERTS WAS
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CONSIDERED. DEL'S WERE INVITED TO FURNISH DOCUMENTATION
REFERENCES, AND NAMES OF EXPERTS.

6. WHEN WP'S FUTURE WORK WAS DISCUSSED, NEW ZEALAND
ASKED ABOUT THE GERMAN PROPOSAL, DAA/1387, PRESENTED
TO THE COMM FOR AGR LAST JUNE AND RECEIVED WITH THE

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UNDERSTANDING THAT IT WOULD BE REEXAMINED LATER BY THE COMMITTEE OR BY WP NO. 1 (SEE AGR/M(76)2, PAR.3, 8 JULY, 1976). CHAIR COMMENTED OECD WOULD INDEED BE A GOOD FORUM TO EXAMINE WHERE WE ARE HEADING IN AGRICULTURAL POLICY - PERHAPS WITH THE HELP OF SOME OUTSIDE EXPERTS. FRENCH DEL (LEGER) THEN ATTACKED GERMAN PROPOSAL AND SECRETARIAT'S FORMULATION OF THE AGREEMENT TO RE-EXAMINE THAT DOCUMENT. THE SECRETARIAT (RAIDL), REBUTTING THE CHARGE OF INCORRECT PROCEDURE, AGREED, HOWEVER, THAT THE PROPOSAL NEEDED CLARIFICATION AND ANNOUNCED THAT IT WILL BE RESUBMITTED. (COMMENT: THE FRENCH AND EC COMMISSION DELEGATIONS TRIED TO PREVENT THE TABLING OF DAA/1387 LAST JUNE; BUT THE GERMANS STOOD FIRM. APPARENTLY, IN A CAUCUS OF EC COUNTRIES DURING THE WP NO.1 SESSION LAST WEEK, THEY MADE ANOTHER VAIN ATTEMPT TO TALK THE LIMITED OFFICIAL USE

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GERMANS INTO WITHDRAWING THEIR PAPER. THE PAPER IS INDEED SOMEWHAT VAGUE BUT AIMS AT USING OECD AS A FORUM FOR STUDYING THE POSSIBILITIES OF A MEANINGFUL REORIENTATION OF FUNDAMENTAL AGRICULTURAL POLICY. END COMMENT). THE NEXT MEETING IS TO BE HELD END OF APRIL. IT WILL DEAL WITH PART-TIME FARMING (GENERAL SURVEY, 2 REMAINING COUNTRY CHAPTERS AND SOME SHORTER COUNTRY NOTES). THE SECOND MEETING IN 1977 WILL DISCUSS PART-TIME FARMING AGAIN AND HAVE AN EXAMINATION OF CANADIAN AGRICULTURAL POLICIES. WORK ON PERI-URBAN AGRICULTURE MAY NOT BE READY FOR COMPLETION IN 1977. POSSIBILITY OF COMMITTEE MEETING AT MINISTERIAL LEVEL FIRST HALF OF 1977 MENTIONED. TURNER

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